

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



October 28, 2002

Agenda ID #1313

TO: PARTIES OF RECORD IN APPLICATION 02-07-001 ET AL.

This is the draft decision of Administrative Law Judge (ALJ) Gottstein. It will not appear on the Commission's agenda for at least 30 days after the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the draft decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the draft decision as provided in Article 19 of the Commission's "Rules of Practice and Procedure." These rules are accessible on the Commission's website at <http://www.cpuc.ca.gov>.

Pursuant to Rule 77.3 opening comments shall not exceed 15 pages.

Consistent with the service procedures in this proceeding, parties should send comments in electronic form to those appearances and the state service list that provided an electronic mail address to the Commission, including Administrative Law Judge (ALJ) Meg Gottstein at meg@cpuc.ca.gov. Service by U.S. mail is optional, except that hard copies should be served separately on ALJ Gottstein and the Assigned Commissioner, and for that purpose I suggest hand delivery, overnight mail, or other expeditious methods of service. In addition, if there is no electronic address available, the electronic mail is returned to the sender, or the recipient informs the sender of an inability to open the document, the sender shall immediately arrange for alternate service (regular U.S. mail shall be the default, unless another means—such as overnight delivery) is mutually agreed upon). The current service list for this proceeding is available on the Commission's web page, www.cpuc.ca.gov.

/s/ CAROL BROWN

Carol Brown, Interim Chief
Administrative Law Judge

CAB:tcg

Attachment

134351

Decision **DRAFT DECISION OF ALJ GOTTSTEIN** (Mailed 10/28/2002)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Gas Company (U 904 G) for Approval of Program Year 2003 Low-Income Assistance Programs and Funding.

Application 02-07-001
(Filed July 1, 2002)

Application of San Diego Gas & Electric Company (U 902 E) for Approval of Program Year 2003 Low-Income Assistance Programs and Funding.

Application 02-07-002
(Filed July 1, 2002)

Application Of Pacific Gas And Electric Company (U 39 M) For Approval Of The 2003 California Alternate Rates For Energy and Low-Income Energy Efficiency Programs and Budget.

Application 02-07-003
(Filed July 1, 2002)

Southern California Edison Company's (U 338-E) Application Regarding Low-Income Assistance Programs for Program Year 2003.

Application 02-07-004
(Filed July 1, 2002)

**INTERIM OPINION:
PY2003 LOW INCOME ENERGY EFFICIENCY PROGRAMS AND BUDGETS**

1. Introduction and Summary

By Decision (D.) 01-05-033, issued on May 3, 2001, we adopted a rapid deployment strategy for the low-income assistance programs administered by Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company

(SDG&E), Southern California Edison Company (SCE) and Southern California Gas Company (SoCal), collectively referred to as “the utilities.” Low-income assistance programs consist of direct weatherization and energy efficiency services under the Low-Income Energy Efficiency (LIEE) programs and rate assistance under California Alternative Rates for Energy (CARE). Funding levels for these programs were substantially augmented with the availability of one-time appropriations from Senate Bill (SB) X1 5 and Assembly Bill (AB) X1 29 as well as carryover funds from prior program year utility budgets.¹

In addition to providing increased funding for CARE and LIEE program activities, the Commission authorized the following: expanded use of LIEE funds to leverage the programs provided through the Department of Community Services and Development’s (DCSD) network of community-based organizations, “capitation fees” to low-income assistance organizations of up to \$12 per CARE enrollee, increased non-English radio and print advertising for CARE and new LIEE measures on a pilot basis (e g., high efficiency air conditioners and water heaters). By D.02-07-033, issued on July 17, 2002, we found that this rapid deployment strategy has been successful in substantially increasing the deployment of low-income assistance services to those that have needed it the most during the energy crisis. Given this success, we authorized

¹ SBX1 5 provided a one-time increase to LIEE program of \$20 million. The statute also authorized another \$50 million for appliance replacement and other energy efficiency measures, of which the Commission allocated \$25 million to further supplement LIEE funding during the energy crisis. In addition, SBX1 5 provided a one-time appropriation of \$100 million to supplement the funding collected in rates for CARE discounts and outreach efforts. However, approximately \$84 million of this CARE program augmentation was subsequently rescinded by the Governor in his November 2001 Budget Revisions.

the continuation of the rapid deployment programs adopted in D.01-05-033 until further Commission order. We also directed the utilities to initiate an automatic enrollment program that will enroll customers of PG&E, SCE, SoCal and SDG&E into CARE when they participate in the following partner agency programs: Medi-Cal, Women, Infants and Children, Healthy Families and the Energy Assistance Programs administered by DCSD.

Today's decision addresses the issue of what level of LIEE program activities and associated budget should be authorized in the utilities' rates as of January 1, 2003. It is particularly critical that we make this determination by year-end because most, if not all, of the one-time SBX1 5 and carryover funding will be fully spent for all four utilities during 2002. Inaction on our part would automatically reduce the funds available for next year's LIEE program quite dramatically.

The utilities propose to reduce rapid deployment LIEE program activities and funding levels as the one-time supplemental funding disappears. We do not adopt this approach. Instead, we authorize "stay the course" annual funding levels that will continue LIEE rapid deployment efforts into PY2003 without interruption. We adopt the following LIEE budgets for PY2003 until further Commission order:

PG&E:	\$56,530,000
SCE:	\$15,893,500
SoCal:	\$34,521,502
SDG&E:	\$13,368,093

PG&E and SDG&E are directed to consolidate the electric rate changes resulting from today's decision in the next Rate Adjustment Proceeding, or successor proceeding. SCE will record 1/12th of the authorized amounts in its Public Purpose Program Adjustment Mechanism each month, consistent with the

current ratemaking treatment for LIEE program costs under its Settlement Rates Balancing Account. On the gas side, PG&E, SDG&E and SoCal will consolidate any changes in rates with the next Biennial Cost Adjustment Proceeding (BCAP) or annual true-up filings in years between BCAPs.

As discussed in today's decision, these authorized funding levels are subject to adjustments, as appropriate, as we complete our evaluation of LIEE program measure cost-effectiveness during the first half of 2003. This proceeding (or its successor) will remain open to (1) consider the impact of our cost-effectiveness evaluation on LIEE program plans and funding levels in the future, (2) address post-2002 CARE program activities and budgets as the automatic enrollment program authorized in D.02-07-033 becomes operational, and (3) finalize the scope and schedule for the CARE rapid deployment and automatic enrollment evaluations directed by the Commission.

2. Procedural History

The utilities filed their PY2003 low-income assistance program applications on July 1, 2002. A prehearing conference (PHC) was held on July 22, 2002 in Rulemaking (R.) 01-08-027, the Commission's generic proceeding on low-income assistance programs for energy customers. By subsequent ruling, dated August 7, 2002, the program applications were consolidated into this separate proceeding. The Assigned Commissioner issued a scoping memo on August 8, 2002.² On that same day, the Commission issued D.02-08-034, which adopted a methodology for evaluating the cost-effectiveness of the LIEE program as a whole and individual measures offered under the program. That decision

² Assigned Commissioner's Ruling Establishing Category and Providing Scoping Memo and Comment Period for CARE Program Evaluation Proposal, August 8, 2002.

directed the utilities to supplement the PY2003 LIEE program plans by September 23, 2002 with an evaluation of the program and measures using the adopted methodology. The due date was subsequently extended until September 30, 2002 by Assigned Commissioner's Ruling.³

At the July 22 PHC, PG&E and SCE were directed to supplement their applications to reflect a PY2003 program (and funding levels) that would continue to offer the pilot LIEE measures authorized in D.01-05-033. PG&E and SCE filed this information on August 9, 2002. Since SDG&E and SoCal's July 1, 2002 applications did not discontinue any of the LIEE rapid deployment measures, they were not required to file a supplement.

Comments on the utilities' July 1, 2002 applications and PG&E's and SCE's supplements were filed on August 26, 2002 by the Office of Ratepayer Advocates (ORA) and jointly by the East Los Angeles Community Union, the Maravilla Foundation, the Southern California Forum for Energy Efficiency, Environmental and Human Service Providers and the Association of California Community and Energy Services, referred to collectively as "Joint Intervenors." The utilities filed reply comments on September 4, 2002.

In early August 2002, the Commission learned that PG&E had suspended the PY2002 LIEE program as of July 31, 2002, due to insufficient funds.⁴ By Resolution G-3340, dated September 19, 2002, the Commission ordered PG&E to continue its LIEE programs up to the limits of its current 2002 weatherization

³ Assigned Commissioner's Ruling Extending the Due Date for the Augmentation of Applications A.02-07-001, A.02-07-002, A.02-07-003 and A.02-07-004, September 17, 2002.

⁴ Emergency Motion by the Low-Income Service Providers Alliance in Rulemaking 01-08-027, August 5, 2002.

contractors' contracts and to establish a memorandum account to record additional 2002 LIEE costs. These costs will be subject to Commission reasonableness review prior to recovery in rates.

3. Scope of the Proceeding

As discussed at the PHC and in the Assigned Commissioner's scoping memo, today's decision focuses on PY2003 LIEE program plans and funding levels.

In their July 1, applications, the utilities also included PY2003 program plans and budgets for the CARE program. However, on September 5, 2002, the Commission issued D.02-09-021 in A.02-04-031 et al., which augmented the PY2002 CARE funding levels collected in rates so that rapid deployment efforts could continue through the end of the year. These funding levels are in effect until further Commission order. We concur with the Assigned Commissioner's assessment that any further review of the utilities' post-2002 CARE program plans and budgets should await our implementation of automatic enrollment. Therefore, this portion of the utilities July 1, 2002 applications is deferred until further notice, and will be addressed in a future phase of this proceeding, or its successor. This proceeding will also remain open to finalize the scope and schedule for the CARE rapid deployment and automatic enrollment evaluations directed by the Commission. By ruling dated September 30, 2002, the assigned ALJ set forth a schedule for finalizing the Request for Proposals and proposed budgets for these evaluations.⁵

⁵ See the Assigned Commissioner's Ruling on Care Program Evaluations, dated September 27, 2002. The schedule set forth in that ruling was modified by the assigned ALJ via electronic message on September 30, 2002.

In their July 1, 2002 applications, the utilities also proposed modifications to the shareholder incentives mechanism that the Commission adopted in D.01-06-082 for the LIEE program “beginning with program year (PY) 2001 and until further order of the Commission.”⁶ We find that the issue of shareholder incentives is beyond the scope of this proceeding, as outlined in the Assigned Commissioner’s scoping memo. We may revisit this issue during the PY2004 program planning cycle, as time and Commission resources permit.

4. Need for Evidentiary Hearings

By ALJ Resolution 176-3091, the Commission preliminarily determined that evidentiary hearings would be needed in this proceeding. By Assigned Commissioner Ruling dated August 21, 2002, Commissioner Wood found that hearings would not be needed to address PY2003 LIEE program design and funding issues. Based on the outcome of the PHC and filed comments, we concur with Commissioner Wood’s assessment and make a final determination that a hearing is not needed to address the PY 2003 issues.

5. Utilities’ Proposed PY2003 LIEE Programs and Funding

Attachment 1 presents the utilities’ proposed PY2003 unit goals by LIEE measure, along with PY2001 recorded and PY2002 estimated achievements. Attachment 2 presents PY2001 recorded expenditures, PY2002 authorized and PY2003 proposed budgets and PY2002 year-to-day expenditures by LIEE cost category. The following tables present an overview of the utilities’ proposals in terms of total budget levels, total homes treated and total homes weatherized. A “treated” home is an income-qualified home that has received any measure or

⁶ D.01-06-082, Ordering Paragraph 1.

service under the LIEE program, including energy education, compact fluorescent lamps (CFLs), weatherization and appliances. Under the LIEE program, a treated home must receive all feasible measures for which it qualifies. “Weatherized” homes are a subset of treated homes, and are defined as income-qualified homes that have received any weatherization measure (e.g., weatherstripping and caulking) under the LIEE program.

TABLE 1: LIEE EXPENDITURE SUMMARY					
	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease	PY20002 Collected
	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY2002	in Base Rates
Total LIEE Program Costs				to PY2003	(Public Purpose Charge)
PG&E	\$30,918,390	\$56,530,000	\$35,109,000	(\$20,921,000)	\$29,109,106
SCE	\$20,916,781	\$15,893,500	\$15,774,993	(\$118,507)	\$7,360,000
SoCal	\$22,596,860	\$34,521,502	\$22,984,365	(\$11,537,137)	\$18,219,582
SDG&E	\$11,515,307	\$13,368,093	\$7,690,015	(\$5,678,078)	\$6,450,347
TABLE 2: LIEE HOMES TREATED AND WEATHERIZED					
	PY 2001 Recorded	PY 2002 Proposed	PY 2003 Proposed	Increase/Decrease	
	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY2002	
Homes Treated				to PY2003	
PG&E	37,935	55,000	28,750	(26,250)	
SCE	86,903	35,000	32,020	(2,980)	
SoCal	37,954	38,100	35,000	(3,100)	
SDG&E	19,315	16,400	11,000	(5,400)	
	PY 2001 Recorded	PY 2002 Proposed	PY 2003 Proposed	Increase/Decrease	
	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY2002	
Homes Weatherized				to PY2003	
PG&E	21,084	45,000	25,000	(20,000)	
SCE	1,593	1,600	1,600	0	
SoCal	33,046	33,100	30,000	(3,100)	
SDG&E	11,384	13,000	8,000	(5,000)	

Each of the utility's PY2003 LIEE program and funding proposals are summarized below.

5.1 SCE

In its July 1, 2002 application, SCE originally proposed discontinuing all pilot LIEE measures authorized in D.01-05-033 until they could be evaluated for cost effectiveness. This would mean the elimination of the following measures: high-efficiency air conditioners, duct sealing and repair, whole house fans, high-efficiency water heaters, set-back thermostats and evaporative cooler maintenance. In its August 9, 2002 supplement, SCE modified its proposal to continue offering all pilot measures along with the standard mix of LIEE program measures (evaporative cooler installation, relamping, refrigerator replacement, weatherization and energy education).

SCE states that it will continue to provide assistance in 2003 through community-based organizations, purchase materials in bulk where appropriate and leverage LIEE services with services provided under DCSD's Low Income Home Energy Assistance Program (LIHEAP). SCE will also continue to outsource the inspections of all LIEE measures to community-based organizations. SCE proposes a total LIEE program budget of approximately \$16 million for PY2003, and estimates that it will treat approximately 32,000 homes during 2003. Because SCE does not find many homes in its service territory that have electrically-fueled primary heat sources, it projects that it will install weatherization measures in only 1,600 of the homes treated during 2003.

5.2 PG&E

In its July 1, 2002 application, PG&E originally proposed returning LIEE program funding to the levels authorized in its rates since 1996, or approximately \$29 million per year and eliminating whole house fans, window/wall air

conditioning and evaporative cooler maintenance from its PY2003 program. In its July supplement, PG&E increased its budget proposal to \$35 million and stated that it will continue to offer all LIEE program measures, including those introduced under rapid deployment. However, PG&E plans to refocus the specially targeted “go back” campaigns offered in 2001 and 2002:

“...[U]nder rapid deployment, PG&E went back to customers who were recently treated and offered the new measures available on the rapid deployment program. The “go back” program was fully executed in 2001, and PG&E’s contractors have gone through all lists of eligible customers in this category.”⁷

PG&E plans to continue leveraging with LIHEAP agencies and proposes to set aside \$500,000 of its PY2003 budget to promote community leveraging opportunities with community agencies not involved in PG&E’s program through LIHEAP partnerships. PG&E plans to hold a public workshop with interested community agencies to discuss the leveraging process and to solicit proposals offering specific, measurable results.⁸

PG&E will implement the LIEE program through its current administration contractor that was selected through a competitive bid process for PY2001. The administration contractor out-sources program implementation with various community-based organizations and private contractors throughout PG&E’s service territory. PG&E estimates that it will be able to treat

⁷ PG&E’s Application, July 1, 2002, p. 2-3 to 2-4.

⁸ October 8, 2002 Response to Energy Division Data Request for More Information Regarding PG&E’s PY2003 Proposed Leveraging Funding.

28,750 homes during PY2003, of which 25,000 will receive weatherization measures.

5.3 SDG&E

SDG&E has planned its PY2003 budget at \$7.7 million, to be funded by augmenting the \$6.5 million already in SDG&E's rates by \$1.2 million in projected carryover funds. SDG&E explains that it developed this funding proposal taking into consideration the long-term trends observed within its service territory:

“...over the last several years [SDG&E's] program has identified fewer and fewer eligible homes that needed the more traditional LIEE 'weatherization' measures, such as ceiling insulation....Whereas a high percentage of homes initially weatherized in the early 1980s required insulation, by 2001 the number of homes requiring ceiling insulation constituted only 2% of the homes served under the program.”⁹

Accordingly, SDG&E's proposed budget reflects a decrease in the percentage of funds traditionally earmarked for installation of weatherization measures in order to fund continued installation of electric rapid deployment measures in customers' homes during 2003. SDG&E expects to weatherize approximately 5,000 less homes in 2003 relative to 2002, but plans to expand the number of electric measures commensurately. SDG&E projects that this approach will increase both the per-home bill savings and overall cost-effectiveness of the program.

SDG&E will continue to outsource program field activities management to a contractor who performs outreach, confirms the eligibility of customers,

⁹ SDG&E Application, July 1, 2002, pp. 7-8.

provides in-home energy education and initial assessment of the home, and provides some appliance repair and replacement services. The contractor works with local community agency and private subcontractors to deliver program measures and services. SDG&E inspects and verifies all work performed under its LIEE program using in-house inspection staff.

5.4 SoCal

For PY2003, SoCal proposes to use an estimated \$4.8 million in unspent PY2002 LIEE funds to augment its current level of LIEE funding in rates (\$18 million), for a total PY2003 program budget of approximately \$23 million. SoCal states that its PY2003 program will continue the level of installations and services implemented for rapid deployment, but be more cost-effective than in prior years.

Based on its proposed funding level, SoCal estimates that it will weatherize approximately 30,000 homes, provide furnace repair and replacement to 3,000 homeowners, replace 2,000 water heaters and provide in-home energy education an energy education workshops to 41,500 customers. SoCal plans to continue the leveraging efforts initiated during rapid employment, such as the memorandums of understanding with local LIHEAP agencies and Native American Tribal Associations, increased marketing to low-income customers residing in rural areas and local community events and workshops.

6. Comments of ORA and Joint Intervenors

ORA supports maintaining the status quo until a statewide measure mix is adopted, and does not request hearings in this proceeding. However, ORA urges the Commission to obtain the data, assumptions and methods used to calculate per-home installation costs for the utilities' proposed programs when the LIEE programs are modified in 2003 to incorporate the most cost-effective

program measures. Moreover, ORA recommends that the Commission carefully scrutinize the PY2003 budget data to avoid a reoccurrence of the suspension of activities that occurred in PG&E's program this year.

Joint Intervenors contend that PG&E's budget proposal for PY2003 is insufficient to continue the current program. Based on PG&E's rate of spending during the first 7 months of 2002, Joint Intervenors propose an annualized budget of \$96 million per year. They also urge the Commission to examine the reasons why PG&E has not installed any window/wall air conditioners in its service territory, whereas this measure is routinely installed in the LIEE program of SDG&E.

7. Discussion

With the one-time large Legislative appropriations and carryovers expended, the issue before us today is how to establish LIEE budgets for PY2003 that will be funded exclusively through utility rates. PG&E's perspective, which seems to be shared by SoCal and SDG&E, is best captured by the observation that there would be a potential "cliff effect" in returning from increased rapid deployment funding levels to the utility's "normal authorized LIEE program funding."¹⁰ This presumes that the 1996 budget levels for LIEE should be the norm for LIEE funding in the future. As indicated above, the 1996 LIEE budget levels that were in effect prior to rapid deployment, and are currently reflected in utility rates, represent on the order of one-half the levels authorized annually during the 2001-2002 rapid deployment period.

We do not agree with this perspective because it assumes that rapid deployment has "done its job" and therefore the pace and total level of effort for

¹⁰ PG&E's Reply Comments, September 4, 2002, p. 3.

this program should be reduced substantially. However, nothing on the record to date in this proceeding indicates that this assumption is correct. In their quarterly reports to the Commission, the utilities provide the Commission estimates of the penetration rates for their LIEE programs. Because the average life of the LIEE measures is approximately ten years, the estimated LIEE penetration rate is based on the most recent ten years of program deployment. The following table shows the estimated LIEE penetration rates reported by the utilities in their August 21, 2002 rapid deployment report and represents the homes treated over the last ten years through July 31, 2002:

Utility	Estimated Eligible	Homes Treated	Homes Weatherized	Penetration Rate for Homes Treated
PG&E	1,108,101	484,507	436,783	43.78%
SCE	845,347	778,522	26,773	92%
SoCal	1,255,861	309,287	264,624	25%
SDG&E (*)	240,334	117,013	93,510	48.69%
Total Treated in 10 Years	3,449,643	1,689,329	821,690	48.97%

(*) Eight-Year Period

Based on the utility estimates of penetration rates, it appears there is substantial unmet need for LIEE services, particularly in SDG&E's, SoCal's and PG&E's service territories. While the statistics above indicate that 92% of SCE's eligible homes have been treated over the past 10 years, as SCE acknowledges, many of these homes have been offered only limited measures prior to rapid deployment (e.g., CFLs). Accordingly, SCE plans to evaluate the need to revisit those homes to provide more comprehensive treatment.

We recognize that there may be some adjustments upwards or downwards in the estimated number of homes that have not received LIEE services once the

2000 census data is available and folded into the utilities' estimates.¹¹ Also, other similar programs (such as LIHEAP) may have served a portion of the homes that have not received treatment under our LIEE program.

Phase 2 of our ongoing Needs Assessment Study will provide us the information necessary to more accurately calculate the unmet need and address that unmet need with refinements to our LIEE program. At this time, however, there is no apparent basis that we can observe from available data to justify the significant reduction in rapid deployment efforts proposed by PG&E, SDG&E and SoCal for PY2003. While there may be some trends towards less need for traditional LIEE weatherization measures, these trends are somewhat offset by our recent actions to expand LIEE program income eligibility to 175% of the federal poverty guidelines, opening the program up to additional customers as SDG&E does acknowledge.¹²

With respect to individual measures, in some instances the utilities' budget proposals reflect opposite views on which measures will increase or decrease during PY2003, relative to rapid deployment unit accomplishments. For example, SCE and SDG&E expect a substantial reduction in the replacement of room air conditioners with efficient models, whereas PG&E projects an increase in those replacements.¹³ Based on the unit projections, PG&E expects that the number of water heater blankets installed will dramatically drop, whereas SoCal

¹¹ The utilities are currently estimating the LIEE penetration rates using 1990 census data, adjusted periodically with information obtained through independent research.

¹² SDG&E's application, p. 8.

¹³ In response to the comments of Joint Intervenors, PG&E indicates that it has increased the cost allotted for installation to this measure to make it feasible, and revised its proposed PY2003 budget to reflect the installation of 1,862 units. See Attachment 1.

expects to increase those installations by approximately 25%. All of the utilities expect to pull back on their PY2002 unit goals for attic insulation, door weatherstripping, caulking, minor home repair, efficient lighting, refrigerators, evaporative cooler maintenance, outreach and assessment and in-home education. In fact, PG&E is proposing to reduce the number of homes treated and weatherized in 2003 by approximately half relative to 2002. SDG&E is proposing reductions on the order of one-third. SoCal and SCE's reductions to homes treated on the order of 10%. (See Attachment 1.)

As the utilities acknowledge in their filings, we will be evaluating the cost-effectiveness of the LIEE program measures during the first half of 2003 to determine which LIEE measures should continue to be offered under the program. The results of this evaluation may reduce the level of funding necessary to deliver an effective LIEE program, but we cannot anticipate the ultimate conclusions or impacts on the budgets and measure goals. In the meantime, however, we believe that it is prudent to authorize PY2003 program funding that allows the continuation of the current measures and unit goals, rather than presume that certain measures will be dropped from the program.

Accordingly, we authorize for recovery in utility rates a level of LIEE program funding that is commensurate to PY2002 program levels, as follows:¹⁴

PG&E:	\$56,530,000
SCE:	\$15,893,500
SoCal:	\$34,521,502

¹⁴ These budget amounts do not include combustion appliance safety testing. As directed by the Commission, these amounts are not to be recovered through LIEE program funds. See, for example, D.01-03-028, pp. 34-35.

SDG&E: \$13,368,093

Although we recognize that PG&E's actual spending rate during PY2002 has been significantly higher than rapid deployment funding authorizations, we do not agree with Joint Intervenors that PY2003 funding levels should be increased to match that rate. As we stated in Resolution G-3340:

"The fact that PG&E did not either manage its LIEE funds in a way that maintained program service through the year--as did the other [utilities]--or identify a potential funding problem and propose additional funding options before suspending its programs, points to PG&E's possible mismanagement of its 2002 LIEE program and not necessarily to customer need. "¹⁵

Accordingly, PG&E's cost recovery for the PY2002 program is subject to a management audit and Commission reasonableness review. Given these circumstances, we believe it is prudent to authorize in rates the rapid deployment funding level we approved for PG&E for PY2002, rather than PG&E's expenditure rate. Within that authorized amount, PG&E should implement the \$500,000 leveraging pilot discussed in Section 5.2 above. We expect PG&E to manage its authorized LIEE budget for PY2003 in a manner that maintains program service through the year.

On an interim basis, we will adopt the unit goals for LIEE measures that are presented in Attachment 1 under "PY2002 Estimated" until we have had an opportunity to adjust them based on the results of our cost-effectiveness evaluation. We recognize that the actual number and mix of measures installed will reflect the housing stock encountered in the field as the program is implemented during 2003. Nonetheless, since unit goals are a primary input into

¹⁵ Resolution G-33340, September 19, 2002, p. 9.

the calculation of projected program costs, they become, by definition, the target for accomplishment in each program year. As ORA recommends, the utilities should provide all data, assumptions and methods used to calculate per home installation costs (including measure mix), so that we can appropriately adjust the unit goals to reflect our final determinations regarding the LIEE measures that will be offered in the future.

We note that all four utilities appropriately anticipate increases in costs for Measurement and Evaluation (M&E) activities during PY2003. As SCE explains, this is because the utilities will need to prepare several significant measurement and evaluation studies required by the Commission.¹⁶ SCE also proposes to conduct a survey of approximately 600 LIEE customers who received CFL replacements during prior program years (when SCE operating a stand-alone program), to determine the extent to which such customers may be eligible for additional measures. We agree with SCE that this type of M&E activity will provide very useful information for program planning at a relatively low cost (\$25,000), and authorize SCE to include it in the M&E budget for PY2003.

Both SCE and PG&E request clarification of the Commission's intent with respect to the LIEE evaluation schedule beyond PY2002, noting that the M&E Protocols call for a bi-annual evaluation schedule. Except for our direction in D.01-06-082 to add a study for PY2001 "because of the significant change in program scope and design between PY2000 and PY2001,"¹⁷ we see no reason at this time to modify the general practice of "skipping a year" between studies. Therefore, we expect the utilities to return to their bi-annual schedule unless

¹⁶ SCE Application, July 1, 2002, pp. 30-31.

¹⁷ D.01-06-082, *mimeo.*, p. 19.

otherwise directed by the Commission in any subsequent order. This means that, following completion of the PY 2002 program evaluation, the next one would occur for the PY2004 LIEE program.

With respect to ratemaking, PG&E and SDG&E should consolidate the electric rate changes resulting from this decision in their next Rate Adjustment Proceeding (or successor proceeding). SCE should record 1/12th of the authorized LIEE revenue requirement in the Public Purpose Program Adjustment Mechanism (PPPAM) each month and, consistent with the ratemaking treatment established under the October 2, 2001 Settlement Agreement, transfer the PPPAM amounts to the Settlement Rates Balancing Account. On the gas side, PG&E, SDG&E and SoCal should consolidate any changes in rates resulting from this decision with the next Biennial Cost Adjustment Proceeding (BCAP) or in annual true-up filings in years between BCAPs.

Any unexpended LIEE PY2002 or PY2003 program funds should be carried over and made available for funding LIEE program activities in a subsequent program year as an augmentation to the amounts authorized above, unless otherwise directed by the Commission.

8. Comments on Draft Decision

The draft decision of Administrative Law Judge (ALJ) Meg Gottstein in this matter was mailed to the parties in accordance with Public Utilities Code § 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure. Comments were filed on _____ and reply comments were filed on _____.

9. Assignment of Proceeding

Commissioner Wood is the Assigned Commissioner, and ALJ Gottstein is the assigned ALJ in this proceeding.

Findings of Fact

1. This proceeding does not require that hearings be held.
2. PG&E's, SDG&E's and SoCal's proposals for PY2003 LIEE program funding presume that 1996 budget levels in rates should be the norm for LIEE funding in the future.
3. Returning to 1996 budget levels for LIEE would dramatically decrease LIEE program funding levels and unit goals relative to 2001-2002 rapid deployment efforts.
4. The utility data available on current penetration rates suggests that there is significant unmet need for LIEE measures among eligible households.
5. There is no basis for anticipating at this time the impact of our upcoming cost-effectiveness evaluation of LIEE measures on funding levels or program design.
6. Maintaining PY2002 authorized funding levels for LIEE until further order will enable the utilities to continue rapid deployment efforts without undue disruption as we continue to assess the program.
7. It would not be prudent to increase PG&E's LIEE budget at this time to reflect its spending rate during the first 8 months of PY2002 because we have concerns over the reasonableness of PG&E's management of its program, and have subjected the cost recovery of amounts in excess of rapid deployment authorizations to Commission audit and reasonableness review. However, PG&E should manage its authorized LIEE budget for PY2003 in a manner that maintains program service through the year.
8. The actual number and mix of measures installed will reflect the housing stock encountered in the field as the program is implemented during 2003. Nonetheless, since measure unit goals are a primary input into the calculation of

projected program costs, they become, by definition, the target for accomplishment in each program year.

9. A survey of SCE's customers who received CFL replacements during prior program years (when SCE operated a stand-alone program) would provide very useful information for program planning at relatively low cost, and should be included in SCE's M&E plans for PY2003.

10. PG&E's proposed leveraging pilot is a reasonable approach to soliciting involvement of community groups not currently participating in the LIEE program via LIHEAP partnerships, and should be authorized for PY2003.

11. There are no compelling arguments presented in this proceeding for modifying current M&E protocols beyond PY2002 regarding the frequency of LIEE evaluation studies.

12. Revising shareholder incentives for low-income assistance programs is beyond the scope of this proceeding, as set forth in the PHC and Assigned Commissioner's Scoping Memo.

Conclusions of Law

1. As discussed in this decision, the utilities should recover in rates a level of LIEE program funding that is commensurate with PY2002 program levels and continue to offer all LIEE program measures, including those introduced under rapid deployment, until further Commission order.

2. The PY2002 unit goals presented in Attachment 1 should be adopted on an interim basis until we have an opportunity to adjust them based on the results of our LIEE cost-effectiveness evaluation during 2003.

3. In order to ensure continued, uninterrupted LIEE program implementation, this decision should be effective today.

INTERIM ORDER**IT IS ORDERED** that:

1. Under Rule 6.6, this order is a final determination that a hearing is not needed in this proceeding for Program Year 2003 for program design and funding issues.

2. Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE) and Southern California Gas Company (SoCal), collectively referred to as “the utilities,” shall continue to offer all Low Income Energy Efficiency (LIEE) measures, including the pilot measures authorized in Decision 01-05-033, until further Commission order. The utilities are authorized to recover in rates the following amounts for program year (PY) 2003 LIEE activities:

PG&E:	\$56,530,000
SCE:	\$15,893,500
SoCal:	\$34,521,502
SDG&E:	\$13,368,093

The utilities shall manage their authorized budgets for PY2003 in a manner that maintains program service throughout the year. Within these budgets, SCE shall implement a survey of customers who have received compact fluorescent lamps in prior years and PG&E shall implement a leveraging pilot, as discussed in this decision.

3. PG&E and SDG&E shall consolidate the electric rate changes resulting from this decision in their next Rate Adjustment Proceeding, or successor proceeding. SCE shall record 1/12th of the authorized LIEE revenue requirement in the Public Purpose Program Adjustment Mechanism (PPPAM) each month and, consistent with the ratemaking treatment established under the October 2,

2001 Settlement Agreement, transfer the PPPAM amounts to the Settlement Rates Balancing Account. On the gas side, PG&E, SDG&E and SoCal shall consolidate any changes in rates resulting from this decision with the next Biennial Cost Adjustment Proceeding (BCAP) or in annual true-up filings in years between BCAPs. Any unexpended LIEE PY2002 or PY2003 program funds shall be carried over and made available for funding LIEE program activities in a subsequent program year as an augmentation to the amounts authorized in Ordering Paragraph 2, unless otherwise directed by the Commission.

4. Within 15 days from the effective date of this decision, the utilities shall supplement their September 30, 2002 filing on LIEE cost-effectiveness with all relevant data, assumptions and methods used to calculate per home installation costs (including measure mix). These supplements shall be filed at the Commission's Docket Office and served electronically on all appearances and the state service list in this proceeding. Service by U.S. mail is optional, except that one hard copy shall be mailed to Judge Meg Gottstein at P.O. Box 210, Volcano, CA 95689. In addition, if there is no electronic mail address available, the electronic mail is returned to the sender, or the recipient informs the sender of an inability to open the document, the sender shall immediately arrange for alternate service (regular U.S. mail shall be the default, unless another means—such as overnight delivery—is mutually agreed upon). Parties that prefer a hard copy or electronic file in original format in order to prepare analysis and filings

in this proceeding may request service in that form as well. The current service list for this proceeding is available on the Commission's web page, www.cpuc.ca.gov.

5. All CARE and LIEE funding authorized today, including those funds collected through the public purpose surcharge, is the property of the Commission and not of the utilities. With respect to such funds, utilities shall serve as collection and remittance agents only and have no beneficial interest whatsoever in the monies. The utilities shall segregate all CARE and LIEE funding authorized today from all other utility funds and to not use that funding for any purposes other than as provided for in this decision. While the funds authorized in this decision are in the utilities' possession, the utilities shall hold those funds in trust solely for the benefit of the Commission. The utilities shall remit funds to the persons or entities with whom they enter into contracts or memorandums of understanding, for the performance of the activities authorized by the Commission for the CARE and LIEE programs, within 30 days of the satisfactory completion of those activities.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT 1
PY2003 LIEE UNIT COMPARISON

PY2003 LIEE UNIT COMPARISON					
(Includes SBX1 5 Funding)					
Pacific Gas & Electric, Southern California Edison, San Diego Gas & Electric and Southern California Gas					
FURNACES					
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Estimated	Increase/Decrease PY 2002	YTD 2002
Repair - Gas – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E	453	1,779	765	(1,014)	205
SCE	0	0	0	0	0
SoCal	397	355	334	(21)	547
SDG&E	685	300	505	205	395
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease PY 2002	YTD 2002
Replacement - Gas – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E	535	1,626	413	(1,213)	49
SCE	0	0	0	0	0
SoCal	2,962	2,645	2,666	21	2,188
SDG&E	410	200	100	(100)	225
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease PY 2002	YTD 2002
Repair - Electric – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E	0	0	0	0	0
SCE	0	0	0	0	0
SoCal	0	0	0	0	0
SDG&E	0	0	0	0	0

				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Replacement - Electric – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	0	0	0	0	0
SCE	0	0	0	0	0
SoCal	0	0	0	0	0
SDG&E	0	0	0	0	0
INFILTRATION & SPACE CONDITIONING					
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Cover Plates/Gaskets – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	16,547	40,344	14,370	(25,974)	13,093
SCE	1,361	1,350	1,414	64	391
SoCal	28,597	31,125	30,000	(1,125)	16,958
SDG&E	7,003	0	0	0	2,137
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Evap Cooler & A/C Covers – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	2,187	5,867	1,838	(4,029)	1,762
SCE	3	3	3	0	0
SoCal	1,197	2,552	3,469	917	682
SDG&E	439	401	403	2	81

				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
HVAC Air Filter Replacement – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	9,438	34,991	7,987	(27,004)	7,151
SCE	0	0	0	0	0
SoCal	0	0	0	0	0
SDG&E	0	0	0	0	0
WEATHERIZATION					
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Attic Insulation – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	2,026	5,644	1,533	(4,111)	1,435
SCE	13	17	12	(5)	4
SoCal	1,856	8,000	3,395	(4,605)	1,195
SDG&E	276	3,850	400	(3,450)	202
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Water Heater Blanket – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	3,056	15,694	3,490	(12,204)	2,886
SCE	134	101	131	30	233
SoCal	4,296	6,000	8,000	2,000	2,096
SDG&E	953	3,000	2,800	(200)	332

				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Low Flow Showerhead – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	15,918	41,577	13,884	(27,693)	12,428
SCE	1,297	586	1,294	708	831
SoCal	29,934	30,750	30,000	(750)	18,553
SDG&E	8,718	7,249	13,600	6,351	3,171
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Door Weatherstripping – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	15,991	21,667	13,356	(8,311)	12,312
SCE	1,580	1,600	1,578	(22)	898
SoCal	32,730	32,769	30,000	(2,769)	19,793
SDG&E	8,685	10,000	7,000	(3,000)	4,648
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Caulking – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	16,957	29,974	14,519	(15,455)	13,289
SCE	917	1,600	917	(683)	525
SoCal	3,413	6,000	5,715	(285)	1,070
SDG&E	9,941	9,901	7,000	(2,901)	3,140
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Minor Home Repair – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E ¹	15,054	36,045	13,231	(22,814)	11,965
SCE	1,586	1,600	1,586	(14)	517
SoCal	29,921	31,121	30,000	(1,121)	18,181
SDG&E	3,399	6,000	5,000	(1,000)	1,517

				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Attic Access Weatherstripping – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	6,354	29,071	6,046	(23,025)	5,182
SCE	34	34	34	0	0
SoCal	0	0	0	0	0
SDG&E	0	0	0	0	0
WATER HEATER SAVINGS					
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Water Heater Pipe Wrap – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	952	22,487	686	(21,801)	563
SCE	113	112	112	0	222
SoCal	2,371	4,000	6,335	2,335	876
SDG&E	908	5,000	2,000	(3,000)	133
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Faucet Aerators – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	18,758	40,502	17,192	(23,310)	15,227
SCE	649	650	649	(1)	706
SoCal	31,544	31,998	30,000	(1,998)	18,840
SDG&E	9,280	25,987	3,458	(22,529)	5,953

MISCELLANEOUS MEASURES					
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease	YTD 2002
Portable Evaporative Coolers – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E ²	3,424	9,404	5,838	(3,566)	2,080
SCE	0	0	0	0	0
SoCal	0	0	0	0	0
SDG&E	0	0	0	0	0
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease	YTD 2002
Permanent Evaporative Coolers - Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E	0	0	0	0	0
SCE	3,962	534	1,800	1,266	18
SoCal	0	0	0	0	0
SDG&E	2	20	10	(10)	2
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease	YTD 2002
Compact Fluorescents - Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E ³	169,625	300,000	92,883	(207,117)	90,201
SCE	276,126	52,000	50,000	(2,000)	15,679
SoCal	0	0	0	0	0
SDG&E	36,240	24,002	13,452	(10,550)	16,536
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease	YTD 2002
Porch Lights (Fixture or CFLs) - Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E	0	8,000	4,231	(3,769)	3,449
SCE	59,961	26,000	25,000	(1,000)	3,119
SoCal	0	0	0	0	0
SDG&E	20	600	106	(494)	105

LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease	YTD 2002
Refrigerators – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E ²	5,767	14,789	10,615	(4,174)	6,759
SCE	11,574	15,500	10,800	(4,700)	3,385
SoCal	0	0	0	0	0
SDG&E	5,484	5,367	3,550	(1,817)	3,449
LANDLORD REBATE PILOTS					
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease	YTD 2002
Refrigerators – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E	0	3,687	0	(3,687)	0
SCE	0	0	0	0	0
SoCal	0	0	0	0	0
SDG&E	0	0	0	0	87
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease	YTD 2002
A/C Replacement - Room – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E	0	133	0	(133)	0
SCE	0	0	0	0	0
SoCal	0	0	0	0	0
SDG&E	0	0	0	0	0

				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
A/C Replacement - Central – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	0	0	0	0	0
SCE	0	0	0	0	0
SoCal	0	0	0	0	0
SDG&E	0	0	0	0	0
PILOTS - RAPID DEPLOYMENT					
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
A/C Replacement - Room – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	0	107	1,862	1,755	0
SCE	254	2,746	800	(1,946)	770
SoCal	0	0	0	0	0
SDG&E	184	400	100	(300)	163
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
A/C Replacement - Central – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	0	250	1,325	1,075	61
SCE	538	192	500	308	154
SoCal	0	0	0	0	0
SDG&E	195	420	51	(369)	177

				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Duct Sealing & Repair - Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	0	700	795	95	112
SCE	0	636	400	(236)	0
SoCal	0	1,500	1,505	5	422
SDG&E	62	299	145	(155)	160
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Whole House Fans - Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	0	333	1,593	1,260	0
SCE	0	0	0	0	0
SoCal	0	0	0	0	0
SDG&E	1	10	0	(10)	0
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Water Heater Replacement - Gas - Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	396	930	2,150	1,220	185
SCE	0	0	0	0	0
SoCal	1,549	2,000	2,000	0	1,419
SDG&E	423	550	299	(251)	453
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Water Heater Replacement - Electric - Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	0	0	0	0	0
SCE	114	311	400	89	0
SoCal	0	0	0	0	0
SDG&E	0	0	0	0	0

				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Set-Back Thermostats – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	179	3,077	2,757	(320)	1,678
SCE	40	0	100	100	0
SoCal ¹	0	0	0	0	0
SDG&E	334	395	0	(395)	343
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Evaporative Cooler Maintenance – Each	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	0	2,000	1,428	(572)	762
SCE	4,556	2,700	2,500	(200)	2,465
SoCal	0	0	0	0	0
SDG&E	0	200	0	(200)	0
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
New Central Return – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	0	0	0	0	0
SCE	0	0	0	0	0
SoCal	0	0	0	0	0
SDG&E	155	265	50	(215)	124
ENERGY EDUCATION					
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Outreach & Assessment – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	32,740	63,158	25,000	(38,158)	33,645
SCE	0	0	0	0	0
SoCal	33,046	33,100	30,000	(3,100)	19,974
SDG&E	4,476	6,500	0	(6,500)	2,385

				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
In-Home Education – Home	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	32,740	63,158	25,000	(38,158)	33,645
SCE	72,615	50,000	50,000	0	4,719
SoCal ²	32,869	33,100	30,000	(3,100)	19,914
SDG&E	14,839	16,400	11,000	(5,400)	5,068
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Energy Education Workshops – Each Workshop	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E	18,340	5,000	5,000	0	1,926
SCE	0	0	0	0	0
SoCal ²	884	725	725	0	496
SDG&E	36,577	24,000	24,000	0	8,224
HOMES SERVED					
				Increase/Decrease	YTD 2002
LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	PY 2002	Through July 31
Total Homes Treated	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	to PY 2003	(SBX1 5 and Base)
PG&E ^{4, 5}	37,935	55,000	28,750	(26,250)	23,038
SCE	86,903	35,000	32,020	(2,980)	9,322
SoCal	37,954	38,100	35,000	(3,100)	24,128
SDG&E	19,315	16,400	11,000	(5,400)	9,182

LIEE Cost Category	PY 2001 Recorded	PY 2002 Estimated	PY 2003 Proposed	Increase/Decrease	YTD 2002
Total Homes Weatherized	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31 (SBX1 5 and Base)
PG&E ^{4, 5}	21,084	45,000	25,000	(20,000)	16,765
SCE	1,593	1,600	1,600	0	851
SoCal	33,046	33,100	30,000	(3,100)	19,974
SDG&E	11,384	13,000	8,000	(5,000)	3,404
<u>SoCalGas</u>					
SoCalGas plans are based on an Average Unit Cost, not by measure.					
Measures are allocated based on historical installation frequencies.					
Attic Access Weatherstripping is not tracked separately from Attic Insulation.					
Set-Back Thermostats are included with installations of Gas FAUs and are not tracked separately.					
Energy Education Workshop goals are shown as minimum - additional workshops may be conducted.					
PY2002 Weatherization goals have been increased due to increased contractor activity and additional unit allocations.					
PY2003 Weatherization goals are shown as minimum - additional units may be allocated to contractors based on program activities.					
<u>SDG&E Notes</u>					
1) 2001 recorded costs are from Table TA2.11 submitted in the May 2002 low income programs annual report. PY 2002 and PY 2003 proposed figures were internal projections used for developing an overall program budget. For all years except Actual July 31 YTD.					
2) Proposed PY2003 Budget includes contingency funds for LIOB costs in Other Administration and Regulatory Compliance.					
3) Weatherization includes costs for Cover Plates/Gaskets, Attic Insulation, Water Heater Blanket, Low Flow Showerhead, Door Weatherstripping, caulking, Minor Home Repairs, Water Heater Pipe Wrap and Faucet Aerators					
4) Shareholder Earnings are not included in the Recorded or Proposed costs.					
5) Landlord Rebate measures were budgeted in the Electric Appliances Category.					
<u>PG&E</u>					
1. For PG&E, Minor Home repair includes window replacements, glass replacement, exterior wall repair, but do not include other miscellaneous repairs.					
2. For PG&E, includes committed refrigerators and evaporative coolers.					
3. For PG&E, compact fluorescents include porch lights.					
4. For PG&E, PY 2002 YTD expenditures do not include PY 2001 expenditures paid in 2002. \$16,374,721 has been paid to PY2001 measures.					
5. Total Measures includes Energy Education (Outreach and Assessment, In-Home Education, and Workshops)					

ATTACHMENT 2

PY2003 LIEE

BUDGET CATEGORY COMPARISON

PY2003 LIEE BUDGET CATEGORY COMPARISON
(Includes SBX1 5 Funding)

Pacific Gas & Electric, Southern California Edison,
San Diego Gas & Electric and Southern California Gas

ENERGY EFFICIENCY					
LIEE Cost Category	PY 2001 Recorded	PY 2002 Authorized	PY 2003 Proposed	Increase/Decrease	YTD 2002 Paid
Gas Appliances	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31
PG&E	\$731,867	\$2,500,000	\$2,881,537	\$381,537	\$395,496
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$5,560,771	\$5,977,682	\$5,216,831	(\$760,851)	\$4,998,376
SDG&E	\$1,040,704	\$1,017,201	\$543,893	(\$473,308)	\$910,398

LIEE Cost Category	PY 2001 Recorded	PY 2002 Authorized	PY 2003 Proposed	Increase/Decrease	YTD 2002 Paid
Electric Appliances	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31
PG&E	\$5,703,140	\$13,000,000	\$14,625,632	\$1,625,632	\$3,932,723
SCE	\$17,692,133	\$14,050,400	\$13,690,740	(\$359,660)	\$4,625,334
SoCal	\$0	\$0	\$0	\$0	\$0
SDG&E	\$4,593,879	\$5,586,268	\$3,545,439	(\$2,040,829)	\$2,722,193

LIEE Cost Category	PY 2001 Recorded	PY 2002 Authorized	PY 2003 Proposed	Increase/Decrease	YTD 2002 Paid
Weatherization	(SBX1 5 and Base)	(SBX1 5 and Base)	(Base and Carryover)	PY 2002 to PY 2003	Through July 31
PG&E	\$11,276,831	\$22,000,000	\$7,905,831	(\$14,094,169)	\$6,202,498
SCE	\$609,626	\$811,300	\$847,150	\$35,850	\$491,042
SoCal	\$11,508,939	\$20,644,641	\$12,807,450	(\$7,837,191)	\$6,677,724
SDG&E	\$3,801,217	\$4,784,845	\$2,203,382	(\$2,581,463)	\$1,368,120

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Outreach/Assessment /Marketing					
PG&E	\$1,267,216	\$3,000,000	\$1,187,500	(\$1,812,500)	\$1,576,905
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$1,716,929	\$1,893,800	\$1,637,550	(\$256,250)	\$1,091,627
SDG&E	\$216,967	\$335,407	\$0	(\$335,407)	\$134,790

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Energy Education In-Home					
PG&E	\$2,111,119	\$4,000,000	\$1,187,500	(\$2,812,500)	\$1,188,353
SCE	\$1,735,976	\$542,600	\$662,110	\$119,510	\$129,730
SoCal	\$730,604	\$1,300,090	\$772,500	(\$527,590)	\$427,954
SDG&E	\$808,746	\$1,085,008	\$840,856	(\$244,152)	\$330,031

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Energy Education Workshops					
PG&E	\$73,892	\$100,000	\$13,500	(\$86,500)	\$4,406
SCE	\$14,206	\$0	\$0	\$0	\$0
SoCal	\$0	\$0	\$0	\$0	\$0
SDG&E	\$282,536	\$268,107	\$268,107	\$0	\$71,355

Landlord Rebate Pilots					
LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Refrigerator					
PG&E	\$13,775	\$1,600,000	\$0	(\$1,600,000)	\$4,902
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$0	\$0	\$0	\$0	\$0
SDG&E	\$0	\$0	\$0	\$0	\$24,269

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
A/C Replacement – Room					
PG&E	\$0	\$0	\$0	\$0	\$0
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$0	\$0	\$0	\$0	\$0
SDG&E	\$0	\$0	\$0	\$0	\$0

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
A/C Replacement – Central					
PG&E	\$0	\$500,000	\$0	(\$500,000)	\$0
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$0	\$0	\$0	\$0	\$0
SDG&E	\$0	\$0	\$0	\$0	\$0

Pilots					
LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Attic Venting - Pilot A					
PG&E	\$9,721	\$35,000	\$0	(\$35,000)	\$45,090
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$0	\$0	\$0	\$0	\$0
SDG&E	\$0	\$0	\$0	\$0	\$0

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Pilot B					
PG&E - Leveraging ²	\$0	\$0	\$500,000	\$500,000	\$34,688
SCE - Cool Centers	\$410,529	\$124,200	\$0	(\$124,200)	\$125,885
SoCal	\$0	\$0	\$0	\$0	\$0
SDG&E - Cool Zone Program	\$0	\$0	\$0	\$0	\$6,985

Other Program Activities					
LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Training Center					
PG&E	\$237,624	\$300,000	\$250,000	(\$50,000)	\$148,790
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$207,217	\$223,602	\$165,063	(\$58,539)	\$152,357
SDG&E	\$0	\$0	\$0	\$0	\$0

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Inspections					
PG&E	\$3,252,323	\$2,360,000	\$2,250,000	(\$110,000)	\$1,322,749
SCE	\$103,523	\$240,000	\$240,000	\$0	\$163,507
SoCal	\$434,453	\$1,196,324	\$478,169	(\$718,155)	\$266,962
SDG&E	\$404,775	\$110,492	\$107,574	(\$2,918)	\$136,774

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Advertising					
PG&E	\$0	\$0	\$0	\$0	\$1,087
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$124,708	\$21,140	\$99,338	\$78,198	\$47,987
SDG&E	\$0	\$0	\$0	\$0	\$7,842

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
M&E					
PG&E	\$232,731	\$300,000	\$500,000	\$200,000	\$47,681
SCE	\$25,000	\$25,000	\$195,000	\$170,000	\$14,609
SoCal	\$182,752	\$65,763	\$145,575	\$79,812	\$16,311
SDG&E	\$0	\$45,065	\$45,065	\$0	\$0

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Regulatory Compliance					
PG&E	\$560,553	\$800,000	\$338,000	(\$462,000)	\$200,175
SCE	\$65,000	\$65,000	\$70,000	\$5,000	\$37,919
SoCal	\$364,201	\$64,451	\$290,112	\$225,661	\$34,020
SDG&E	\$349,936	\$88,500	\$100,300	\$11,800	\$538,766

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Other Administration					
PG&E	\$3,955,804	\$6,000,000	\$3,434,500	(\$2,565,500)	\$3,236,519
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$1,694,041	\$3,109,009	\$1,349,424	(\$1,759,585)	\$1,646,215
SDG&E	\$0	\$0	\$11,800	\$11,800	\$243,046

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Indirect Costs					
PG&E ¹	\$1,446,573	\$3,500,000	\$4,000,000	\$500,000	\$1,745,988
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$44,185	\$0	\$0	\$0	\$2,040
SDG&E	\$0	\$0	\$0	\$0	\$325,539

Oversight Costs					
LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
LIAB Start-Up					
PG&E	\$0	\$0	\$0	\$0	\$0
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$0	\$0	\$0	\$0	\$0
SDG&E	\$0	\$0	\$0	\$0	\$0

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
LIAB Past Year					
PG&E	\$0	\$0	\$0	\$0	\$0
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$0	\$0	\$0	\$0	\$0
SDG&E	\$0	\$0	\$0	\$0	\$0

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
LIAB Present Year					
PG&E	\$0	\$0	\$0	\$0	\$0
SCE	\$0	\$0	\$0	\$0	\$0
SoCal	\$0	\$0	\$0	\$0	\$0
SDG&E	\$162	\$23,600	\$0	(\$23,600)	\$0

LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
CPUC Energy Division					
PG&E	\$45,221	\$35,000	\$35,000	\$0	\$24,169
SCE	\$38,143	\$35,000	\$70,000	\$35,000	\$5,972
SoCal	\$28,060	\$25,000	\$22,353	(\$2,647)	\$17,492
SDG&E	\$16,385	\$23,600	\$23,600	\$0	\$12,085

TOTAL PROGRAM COSTS						
LIEE Cost Category	PY 2001 Recorded (SBX1 5 and Base)	PY 2002 Authorized (SBX1 5 and Base)	PY 2003 Proposed (Base and Carryover)	PY 2002 Collected In base Rates (PPP)	Increase/Decrease PY 2002 to PY 2003	YTD 2002 Paid Through July 31
Total Program						
PG&E ³	\$29,471,817	\$56,530,000	\$35,109,000	\$29,109,106	(\$21,421,000)	\$18,366,231
SCE	\$20,694,136	\$15,893,500	\$15,775,000	\$7,360,000	(\$118,500)	\$5,593,998
SoCal	\$22,596,860	\$34,521,502	\$22,984,365	\$18,219,582	(\$11,537,137)	\$15,379,065
SDG&E	\$11,515,307	\$13,368,093	\$7,690,015	\$6,450,347	(\$5,678,078)	\$6,832,193

SoCalGas

Energy Education shown as a total of both In-Home and Workshops.

Indirect Costs associated with Accounting/Contract Administration for SBX15 funds.

Total PY2003 Proposed Program Costs include \$18,219,582 in Base Rates and \$4,764,783 million in Projected Carryover

SCE

All costs exclude program earnings.

Outreach/Assessment costs are part of Weatherization and Electric Appliance program budget.

SCE neither budgets nor charges indirect costs to the LIEE program. For comparison purposes, indirect costs in 2001 were \$22, 645 and YTD through July 2002 were \$164,443.

This table includes SCE costs for bulk purchase of devices that in some cases are not yet installed.

Footnote Pilot B = Cool centers operated in 2000 and 2001, funded with SBX15 dollars.

Total PY2003 Proposed Program Costs include \$7,360,000 in Base Rates and \$0 in Projected Carryover.

PG&E

1. PG&E's Indirect Costs include CAS Testing which is not part of the LIEE budget.

2. PG&E's Leveraging Pilot is described in Volume 1, Chapter 2, Section 4 of PG&E's Application for Approval of the 2003 CARE and LIEE Programs and Budget.

3. Total Program Costs proposed for PY 2003 do not include CAS Testing and do not include any carryover. The amount collected in base rates was authorized in the 1996 GRC. 2002 Total Program Costs (not including CAS testing) Paid through August were \$30,923,753 for PY 2002 and \$16,374,721 for PY 2001. Estimated September Expenses are \$4,711,000 for PY 2002 and \$10,000 for PY 2001. Total Program Costs for 2002 (not including CAS testing) through September are therefore \$52,019,474. Commitments remaining to be paid as of September 30 are \$15,939,817.

SDG&E

For July 2002 YTD, refrigerator landlord rebate costs are included in the Total Homes Treated costs.

For SDG&E, Pilot B reflects Cool Zone program costs.

Total PY2003 Proposed Program Costs include \$6,450,347 in Base Rates and \$1,239,668 million in Projected Carryover